

PPSC Economics Topic 10 Public Finance

Sr	Questions	Answers Choice
1	The warfare effect of a quota depend to a considerable extent upon.	A. Who has the quota license B. The size of the quota C. Elasticities of domestic demand and supply D. All of the above
2	A demand curve shows the relation between the quantity demanded to a commodity over a given time and.	A. the testes of consumer B. The money income of cosumer C. The price of related commodities D. The price of the commodity
3	A depreciation of the dollar will have its most pronounced impact on imports if the demand for. Imports is.	A. Constant B. Inelastic C. Elastic D. Unitary elastic
4	If a small country imposes a tariff on an imported good its terms of trade will	A. Improve B. Worsen C. Not change D. any of the above
5	A stable equilibrium requires that the marginal propensity to consume is.	A. Less than zero B. Zero C. One D. None of these
6	The overall Budget Deficit is financed from	A. External borrowing B. Non bank borrowing domestically C. Bank borrowing plus the above two at a and b D. None of the above
7	International trade is based on the idea that.	A. Exports should exceed imports B. Imports a should exceed exports C. Resources are more mobile internationally than are goods D. Resources are less mobile internationally than are goods.
8	Capitalism refers to	A. the use of markets B. Government ownership fo capital goods C. Private ownership of capital goods D. Private ownership of homes and cars
9	A politician proposes reducing business taxes, a move she says will encourage risk taking entrepreneurship This proposed cut in business taxes is intended to stimulate the economy mainly though.	A. An increase in aggregate supply B. A decrease in aggregate supply C. A decrease in aggregate demand D. An increase in aggregate demand
10	The nation, that, following currency depreciation, the balance of trade falls for a while before increasing is called a _____ effect.	A. Relative price B. Elasticity C. J- Curve D. Pass through
11	The impact and incidence of sales tax is	A. On the consumer B. On the seller C. On the producer D. None of these
12	Expansion in money supply stems from.	A. Increasing the cost of bank credit B. Reducing availability of bank credit C. Reducing the financial cost of bank credit D. None of above
13	The arrangement were goods imported from trading partners in the developing world are subject to lower tariff rates than good from other countries is referred to as.	A. Normal trade relation status. B. Most favored nation status C. Generalized system of Preferences. D. Offshore assembly provisions

14	Direct investment and security purchase are classified as.	<p>A. Capital account transactions</p> <p>B. Current account transactions</p> <p>C. Unilateral transfer transactions</p> <p>D. Merchandise trade transactions</p>
15	If the Federal Reserve wishes to increase the money supply it should.	<p>A. Raise the reserve requirement</p> <p>B. Raise the discount rate</p> <p>C. Buy Treasury securities in the open market</p> <p>D. All of the above</p>
16	In autarky when a community maximizes its standard of living its production points is.	<p>A. Below the production possibility frontier</p> <p>B. On the production possibility frontier</p> <p>C. Above the production possibility frontier</p> <p>D. Can't tell without more information.</p>
17	Currency speculations is_____ if speculators bet against market forces that cause exchange functions, thus moderating such fluctuations.	<p>A. Destabilizing</p> <p>B. Stabilizing</p> <p>C. Inflationary</p> <p>D. Deflationary</p>
18	Unemployment Rate is a percentage relation with reference is.	<p>A. Total population</p> <p>B. Civilian labour force</p> <p>C. Employed persons</p> <p>D. Unemployed persons</p>
19	The overall Budget Deficit is financed from	<p>A. External borrowing</p> <p>B. Non bank borrowing domestically</p> <p>C. Bank borrowing plus the above two at a and b</p> <p>D. None of the above</p>
20	Which of the following organization primely provides long term loans to developing countries to help them develop the infrastructure such as schools hospitals and roads.	<p>A. World Bank</p> <p>B. International Monetary fund</p> <p>C. Council on Foreign Relations</p> <p>D. Organization of petroleum Exporting countries.</p>